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EVALUATION OF MANAGEMENT PERSONNEL
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EVALUATION OF MANAGEMENT PERSONNEL

by

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A thesis submitted
to the Graduate Faculty of
The George Washington University
in partial satisfaction of the requirements
for the degree of
Master of Business Administration,
Navy Graduate Financial Management Program

April 1964

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PREFACE

This paper is the result of an interest in the process of evaluation and selection of executives. Current business practices concerning appraisal of executives as they may be derived from or be transferable to the armed forces are of particular interest. An organization is as good as the men who direct it. In some organizations the whole may be much greater than the sum of its parts when group morale and esprit inspire members of the organization to perform beyond their capabilities. An effective organization is created by competent men who in turn select other capable men to succeed them and thus perpetuate the quality of the organization.

Banded together for a worthwhile common purpose, men realize potentialities within themselves impossible of development by individual effort alone. A cooperative spirit, a sense of association with one's fellow men for a valid mutual purpose, has inspired every business organization that has ever made a lasting impression upon the economic scene.¹

As young men are brought in at the bottom of the leadership hierarchy they are given various assignments, perform various tasks and gain differing experience. Some are marked from an early age for high responsibility. Some develop slowly

¹Jackson Martindell, The Appraisal of Management (New York: Harper, 1950), p. 122.

and mature late in life. Others suffer from arrested development at some stage of their careers.

There are several themes in this paper. It is assumed that the single most important function of appraisal and evaluation systems is to provide a basis of information for insuring that the most capable and qualified men in the organization reach top levels on a continuing basis. Other uses of appraisal reports and systems are of secondary importance and should, when necessary, be subordinated to the primary goal--promoting the most capable men to the top positions.

If 90 per cent of the executive personnel inducted at the bottom of the hierarchy are "Grade E" instead of "Grade A," the quality of senior management is probably going to be largely "Grade B." The quality of the selection base at each level of the hierarchy is an important consideration.

Starting from the assumption that the primary purpose of appraisal systems is to get the most qualified men to top responsibility, this paper will examine some of the criteria by which men with high executive potential may be distinguished, and discuss methods of evaluation. Assignment of personnel is a vital element in the process. Assignments determine the range and depth of experience that the potential high executive will be exposed to. It is important to obtain and use the appraisal results early and throughout the career pattern in the selection that takes place in the process of transfer and assignment.

Later chapters of this paper discuss the administration of evaluation systems and the use of evaluation information in

career management plans. It was necessary to examine in some depth the areas of psychological testing and computer programming of evaluation data. These subjects were examined because their application to personnel management has been so widely discussed in recent years that the subject would be incomplete without their inclusion. The purpose of the paper is to examine the leading ideas on the subject by the experts in the field.

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CHAPTER I

OBJECTIVES OF EVALUATION

The evaluation and assignment of executives is a management responsibility. Performance of this evaluation has always been necessary in making decisions regarding promotion, assignment and salary determination. It has not, however, always been based on accurate or reliable information. The formalization that this process has undergone in recent years is designed to improve the reliability of these personnel actions.¹ Appraisal implies a systematic procedure rather than reliance on general impressions. It should be free of personal bias. Appraisal may vary from simple notes to a formal program. The frequency of reporting may likewise vary. But within a large organization it is generally recognized that there should be a periodic, planned system of some kind for recording the results of performance.²

Appraisal normally covers three general areas. First is an evaluation of performance measured against goals and standards. Second are qualifications such as education and

¹Thomas A. Mahoney, Building the Executive Team (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1961), p. 85.

²Carl Heyel, Appraising Executive Performance (New York: American Management Association, 1958), p. 17.

experience and personal characteristics of the individual in terms of his present and possible future jobs. Areas of weakness which require strengthening to meet the requirements of the present job or future jobs are also covered. The term appraisal normally applies to executives. Merit rating is a term for regular salary determination of personnel. It is designed for rapid, standardized procedures rather than the detailed individual evaluation which the term appraisal embraces.³

The appraisal system is an important item of evidence in any examination of the operating efficiency and overall worth of a company. The examiner may initially seek evidence that the company has a capable executive staff at the first, second and third levels. He will then seek "evidence that the company locates men of integrity, ability and industry, and then utilizes every sound means of hiring, training, developing and advancing them."⁴ The appraisal system is the primary determinant of the degree to which the company has built a unity of command that can continue beyond the tenure of the incumbent president.

Many authorities and senior managers believe that the selection and assignment of personnel is a critical aspect of a business operation. These decisions largely determine both the immediate and the long-run performance of the management team

³Ibid., p. 18.

⁴Jackson Martindell, The Appraisal of Management (New York: Harper, 1950), p. 122.

and thus determine the performance of the entire organization.⁵

The major problem of the chief executive officer . . . is that of personnel selection and corporate organization. These have always been matters of top priority for a chief executive, for succession and success are based as much upon his effectiveness in these areas as in any others. . . . Nevertheless, when the panelists are asked to define their most important activity, they keep returning to one point: personnel. By a vast majority they feel that their most vital effort . . . remains the classic problem of finding and developing a management group from which their successors can be chosen.⁶

The armed forces provide an important corollary example. Here, the selection and assignment of middle and senior commanders influences the character of the entire organization. When a lieutenant colonel is placed in command of an infantry battalion the careers of more than forty other officers are placed in his hands. He assigns them and makes fitness reports on them. Whether the younger officers remain in the service will depend on their opinion of him. Future assignments and promotions of the officers will be based partly on the evaluations made by the battalion commander. The training that he gives them and the example he sets will influence their future development and capability. On the other hand, the assignment itself may be an important qualification for future promotion of the commander. Obviously, such an assignment is one that merits the careful examination of fitness records in order to select the most qualified officers.

⁵ Mahoney, op. cit., p. 180.

⁶ "The Job of Being President," Dun's Review, Vol. LXXXI, No. 3 (March 1963), p. 27.

There has been a tendency to search for a formula or machine which would ease the strain of this kind of decision. The computer may assist in the screening, filing and sorting of appraisal data. "No matter the number or kind of selective devices relied upon, involved in every promotion somewhere and at some point is a judgmental decision. . . ." ⁷ Machinery can assist but never replace the human judgment required to appraise intangible and subjective human qualities and to make value judgments comparing many individuals.

An appraisal system is necessary to insure that reliable data exists upon which to base promotions and assignments. In the absence of a system of evaluation the dangers of nepotism in every form from actual relationship to the "old school club" to the "inner clique" appear. This hampers an existing executive development program because advancement to the best positions is denied to those who are not members of the clique. It subverts the rights of the actual owners of an incorporated business. The public character of the business is denied for the personal advantage of a family or club. ⁸ This danger is not limited to business organizations, but may exist in varying forms and degrees in government and military institutions.

⁷Willard E. Bennett, Manager Selection, Education and Training (New York: McGraw-Hill Book Company, Inc., 1959), p. 86.

⁸Martindell, op. cit., p. 130.

Appraisal is conducted for certain benefits in addition to the principal objective of obtaining information upon which to base promotions and assignments. It is a method of training subordinates and instills a sense of responsibility in them. It stimulates interest in management development by both appraiser and appraised. The appraiser will find that it sharpens his control over his own activities. The system clearly delineates responsibility for results. The appraiser gains perspective in sizing up and comparing his subordinates and is given an opportunity to demonstrate, via the review process, his own executive ability. It is a time-consuming but necessary and worthwhile task. The organization as a whole benefits from the identification of the best qualified leaders. The appraised and the appraisers benefit from the corollary effects.

CHAPTER II

EXECUTIVE QUALITIES

The problem of deciding what to look for in potential future executives is exceedingly complex and difficult. No one agrees on what makes a top executive or in what respects he differed in earlier years from many of his former contemporaries. Even after certain qualities are selected as being particularly applicable to high executive ability, the problem of how to measure and record the degree of such qualities in a given individual is perplexing. The definition of terms so that many different appraisers will derive roughly the same meaning from them is difficult. In a rough way, most appraisal systems attempt to measure present performance, identify the degree of present skills and abilities, and determine the capacity for further development.¹

The danger of all systems is their tendency to unconsciously produce a stereotyped pattern. The sameness or similarity of the men who reach the top in a rigid evaluation system may provide limits to the diversity and flexibility of the management team. Different kinds of people in outward appearance and in important personality attributes may have

¹ Mahoney, op. cit., p. 86.

the qualities which make them successful leaders under certain circumstances. General Ulysses S. Grant is a good example of a man whose personality and appearance masked great qualities of combat generalship. No two executives "will approach a particular problem in quite the same way, and no one of them could do his job as well if he were required to do it according to some preconceived, generalized executive pattern."²

A bureaucracy has a tendency to generate and perpetuate an homogenous group of individuals. To a certain extent the smooth functioning of a large organization depends upon the kind of well-oiled teamwork which is encouraged by like-minded people working in harmony. But C. Northcote Parkinson and other students of bureaucracy have noted that the No. 1 man will not normally tend to promote to No. 2 spot someone who dramatically manifests greater ability than himself.³ It is a natural human tendency for No. 1 to select and promote someone essentially like himself. This tendency may create a descending spiral of ability down the ladder of the organizational hierarchy.

Change is the great danger for an organization that stereotypes its management levels to gear itself for an existing set of circumstances. Nothing in life is static, much less the particular set of operational circumstances which daily confront a large organization. Changes are constantly taking

²Hevel, op. cit., p. 78.

³C. Northcote Parkinson, "The Art of Being No. 2," Fortune, Vol. LXIV (Sept. 1961), p. 123.

place, but usually in small increments so that they are not readily perceived by the mass of men.

But the pitfalls are many, for while a self-confirming profile makes for a comfortable organization, it eventually can make for a static one. Even the largest corporations must respond to changes in the environment; a settled company may have its very existence threatened by technological advances unless it makes a bold shift to a new type of market. What, then, of the pruning and molding that adapted it so beautifully to its original environment? The dinosaur was a formidable animal.⁴

In devising a system of appraisal, career management and executive selection, controls must be built into the system to insure a certain diversity of character and personality in the management levels of the hierarchy.

The pendulum of what to appraise has been swinging back and forth for some years. An excessive delving into personality and temperament invaded the realm of psychiatry. Judgment on the basis of performance alone is not the answer either, mainly because it does not accurately predict long-range performance. Consideration of the potential for a bigger job has to include consideration of traits, habits and the ability to get along with people. It is a truism that "good short-term results can be attained by methods that will produce long-term failure."⁵

Some generalizations about leadership qualities must be made in order to form a judgment of what to appraise. A

⁴William H. Whyte, Jr., "The Fallacies of 'Personality' Testing," Fortune, Sept. 1954, pp. 117-120, 204-208, reprinted in Max D. Richards, Readings in Management (Cincinnati: Southwestern Publishing Co., 1958), p. 813.

⁵Heyel, op. cit., p. 20.

survey of the greatest strengths of executives in one hundred organizations showed that sound decision making (judgment), effectiveness in dealing with people, dependability, willingness to assume responsibility for one's own actions, honesty and integrity were foremost qualities. The weaknesses of the same group of men were failure to delegate, inflexibility, ineffectiveness in judging people and inability to win others' cooperation. Another study of fourteen hundred managers at different levels and kinds of work singled out drive, intellectual ability, leadership, organizing ability and initiative as significant characteristics.⁶

The qualities needed at high executive levels may differ in kind and degree from those required at lower levels. One writer singles out five areas of high-level appraisal. These are the degree to which the executive is grounded in the principles of scientific management and has arrived at a philosophy of management, the quality of his personal motivation, the extent of his vision, and his interest and participation in community affairs.⁷ Another general attribute could be added--the ability to see the forest through the trees, to grasp the essential and the significant.

Five major appraisal areas seem effective and useful in practice:

⁶ Ibid.

⁷ Ibid., p. 128.

1. Tangible performance
2. Managerial skills
3. Personal traits and behaviour characteristics
4. Health and stamina
5. Attitudes, motivation and understanding.⁸

The last two items mentioned are probably the most important considerations of long-range growth potential. These characteristics that tend to separate the few qualified for high promotion from the many that are performing well in their present duties have been the subject of much study and discussion.

The president of the Minute Maid Corporation finds six characteristics which are fundamental qualities of managers.⁹ The first of these is creative thinking power, ability, vision and resourcefulness. A potential manager should be curious and willing to really listen to other people and absorb details about what is really going on around him. He knows the value of the subconscious mind and the ability to sleep on a problem after wrestling with it consciously. He has a knack for bringing recommended solutions to the attention of his superior rather than simply the problems.

Daniel Starch has queried numerous executives in three levels of management and found that the higher in the scale of responsibility an executive is the more strongly he feels that

⁸ Ibid., pp. 8-9.

⁹ John M. Fox, "What It Takes to Be a Manager," Advanced Management, Vol. XXII, No. 6 (June 1957), p. 18.

the ability to think is the prime requisite of the business manager.¹⁰ Ability to think means:

1. Sizing up a situation correctly;
2. Creating solutions and plans of action;
3. Weighing these solutions and plans;
4. Deciding on one of them.

The mind supple enough to embrace the executive view cannot be satisfied with a set schedule of duties, of working hours, of cut-and-dried responsibilities. The man with executive corpuscles in his blood looks for more to do--not less. His nose is constantly to windward to learn what's up, what's doing--"what's cooking." . . . He doesn't sit back and wait to be told.¹¹

Starch found that 72 per cent of senior executives queried considered the ability to think the prime requisite of a manager. "The capacity to think situations through clearly from beginning to end and decide what to do--that is the first towering mountain peak that sets off the executive from the mass of workers."¹² This would seem to be the essential characteristic of leadership in any field.

Judgment is another fundamental attribute of a successful manager. He must be able to make sound and wise decisions. A negative, fault-finding approach is not a substitute or not the same thing as good judgment. Administrative skills are

¹⁰ Daniel Starch, How to Develop Your Executive Ability (New York: Harper, 1943), p. 18.

¹¹ Ibid., p. 12.

¹² Ibid., p. 15.

another fundamental attribute. The good manager has to have planning ability and orderliness, both in his public and his personal life. Stated another way, the good manager has to know how to manage himself first. His effectiveness on the job will depend to a great degree upon his allocation of time both on and off the job.¹³

The good manager has a positive attitude. He inspires confidence and enthusiasm in the people around him. Vigorous good health derived from proper food, play and rest contribute to his over-all impression of leadership. Courage and character are the last of the six essential attributes. The leader must be willing to take a calculated risk; to make a decision when he does not have all the facts. He must have the courage to delegate and still take full responsibility for decisions made even when they are wrong.¹⁴ Stated another way, he must have the courage to give his subordinates the freedom to fail. Without this particular portion of the element of courage he will find himself in the typical "one-man show," never a substitute for a good team pulling together. The manager must have the courage to say "no" when the situation calls for it. And he must have the courage to disagree with his boss when the boss is wrong. This basic attribute is part and parcel of the manager's character. His character must be such that he can be depended upon to do the right thing whether observed or not. He

¹³Fox, op. cit., p. 20.

¹⁴Ibid.

must have integrity. Humility must also be part of his character as arrogance is deadly to good working relationships.¹⁵

The six managerial characteristics described above are intangible in character and do not lend themselves to quantitative measurement or comparison. Evaluation of such attributes is necessarily subjective. If these qualities are essential attributes of a manager, then some way must be found to reflect them in appraisal reports. It is a recognition of this requirement for an indication of the attributes which mark a man's capability of performing in posts of greater responsibility than the one being marked which has caused a rejection of the straight performance evaluation. Subjective evaluation of subjective characteristics is important.

Evaluation of tangible performance may be simply judged on the basis of three questions. "What should he have done? Did he do it? If not, why not?"¹⁶ Performance evaluation should be the main criteria of effectiveness, particularly in middle and lower echelon executives. If they are getting results, to a degree it may be assumed that they are employing some combination of leadership characteristics, effort, diligence, energy and other traits that is desirable and effective. Performance evaluation requires that the job be carefully described with a clear delineation of responsibilities. In lower echelons it may be possible to key the evaluation of

¹⁵Ibid.

¹⁶Hevel, op. cit., p. 41.

performance to quantitative yardsticks, but this becomes more difficult the higher and broader the responsibilities. Results and job performance should be the main criteria, but traits must also be considered.¹⁷

Traits or characteristics may be at the root of a subordinates poor performance, or they may be significant factors in judging his qualifications for a proposed job or a future promotion.¹⁸ In terms of assignment, it will be easier to get a "square peg" in a "square hole" if a file of many reports describing his characteristics is available. He may be getting results on his job by a combination of drive, force and authority, but may be lacking in the qualities desired for an assignment requiring tact and diplomacy. Necessary as this rating on traits is, it should always be kept subordinate to tangible considerations of performance.¹⁹

The entire area of trait evaluation is fraught with dangers and pitfalls. There are some 18,000 different terms in the English language that can be used to describe an individual.²⁰ The judgment of the appraiser may be distorted by the coloring of a recent incident. A favorable recent impression will tend to wash out possible negative impressions over the entire period.

¹⁷Ibid., p. 19.

¹⁸Ibid., p. 100.

¹⁹Ibid., p. 101.

²⁰Ibid., p. 105.

The personal likes and dislikes of the appraiser is an area of subjectivity which cannot be entirely eliminated. Sectional, religious, racial, school-club and class prejudices may subconsciously enter the marking picture.²¹ Personalities of superior and subordinate may antagonize to the disadvantage of the subordinate. However much a conscientious superior attempts to recognize and guard against his own biases, he will to some degree subconsciously be swayed by them. Weak superiors may downgrade a particularly capable subordinate for fear that he poses a threat to them.²² Others may mark their subordinates as a reflection of the way they are themselves marked. For this reason reports should start at the lowest echelon and work up. Differing ideas as to the meaning of descriptive words is a related hazard which increases the subjectivity of reports.²³

Outward behaviour on the job should be the criteria rather than deep probing of the psyche to discover the causes. Characteristics evaluated should be important to the performance of all positions where the appraisal is applied, easily observable and identifiable by the appraiser, and clearly distinguishable from each other.²⁴ The sum of all the traits still doesn't necessarily add up to management ability.

²¹ Ibid., p. 20.

²² Ibid.

²³ Ibid.

²⁴ Mahoney, op. cit., p. 94.

Vitality, energy, physical endurance and intelligence are the attributes that often come to the fore in descriptions of top business leaders. "Like . . . thoroughbreds, the top men of U.S. industry possess the kind of drive and energy that separate the winners from the also-rans."²⁵ Ambition and the desire to advance are other traits of leaders. "Some of these men do not go out actively (or at least not consciously) to seek promotion. Nevertheless, to a man, they are always prepared for the next move, and for the one after that. And when the main chance presents itself, they are quick to spot the opening."²⁶ One company president stated that he looks for "unusual drive plus a certain amount of diplomacy . . . a good manager carries an olive branch in one hand and a baseball bat in the other, and is prepared to use either one at the right time."²⁷

Health, stamina, and physical endurance are definitely requirements of an executive position.²⁸ Without them all other good qualities may be cancelled. Part of the appraisal system for executives at all levels should include the results of an annual medical check and an evaluation of this factor by the immediate superior.²⁹

²⁵Osborn Elliott, Men at the Top (New York: Harper, 1959), p. 10.

²⁶Ibid., p. 32.

²⁷Ibid., p. 94.

²⁸Nahoney, op. cit., p. 189.

²⁹Elliott, op. cit., p. 33.

The other crucial quality is decisiveness. This is a difficult quality to assess. Lack of decisiveness is often more apparent to subordinates than to superiors.³⁰ The attitude of the superior tends to make his subordinates more or less decisive depending upon the leeway he gives them for initiative, mistakes, and methods different from his own. Certain criteria exist, however, by which a superior may judge the decisiveness of a subordinate. Have any bottlenecks been generated due to the lack of a decision? Does he express his own opinion freely and frequently in staff meetings? Is he willing to have his decisions go on record? Does he stand by unpopular decisions? Does he have convictions of his own or does he reflect the view of the last advocate who got his ear? Is there a pattern of consistency in his actions or are there many sudden changes of course? Does he seek to dilute responsibility by being committee-prone?³¹ Indecision is often manifested at lower levels by postponement of decisions about people such as, for example, to avoid the unpleasantness attendant upon having to discharge or discipline someone. A man may have all the other attributes of leadership but be unfitted for high responsibility due to lack of decisiveness.

Job performance should be the main criteria of appraisal reports, accompanied by an evaluation of traits. An effort

³⁰ Heyel, op. cit., p. 77.

³¹ Ibid.

should be made to make early identification of the attributes most common to the men at the top, namely, drive, energy, good health, intelligence, decisiveness and the ability to handle people.

An important distinction must be reiterated between the specifications of the top executive and the pattern of characteristics desirable and widely found in middle management levels. The administrator of a large, complex, diversified and dynamic enterprise must have abilities which are largely differentiated by the magnitude of the risks which he is called upon to take.³² From the vice-presidential level on down genuine risk-taking diminishes very rapidly. Most executives are called upon to interpret policy, not to initiate it. Their decision-making or risk-taking responsibilities are limited. This is true in a military organization and is manifested by reliance on detailed regulations and orders rather than self-initiated decisions. Many errors in choosing top executives are made precisely because of a failure to distinguish between the special qualities of an entrepreneur-manager and the more pedestrian traits of industry, loyalty, perseverance, ordinary judgment, academic intelligence and technical knowledge required in the ranks of middle management.³³ If only a few positions in intermediate line management entail any degree of risk-taking ability,

³²Robert N. McMurry, "Man-hunt for Top Executives," Harvard Business Review, Vol. XXXII, No. 1, pp. 46-62, reprinted in Richards, op. cit., p. 736.

³³Ibid.

practically no staff positions do. Promotions are frequently made from staff to line positions and into top management positions solely on the basis of the individual's technical competence and the customary attributes of the faithful employee.

The idea that risk-taking ability is a distinguishing mark of persons fitted for top management positions poses an interesting dilemma: large organizations tend to attract and retain passive, security-oriented individuals and to drive out or homogenize the self-reliant and aggressive individuals with the capacity to take calculated risks.³⁴

Sociologists tell us that nearly everyone, no matter how well-adjusted, has some measure of dependence, submissiveness and tendency to anxiety.³⁵ Insecurity is part of the age in which we live. Memory of the depression of the 1930's, the threat of nuclear warfare, and the fading of traditional standards of behaviour are associated with this insecurity. Social and geographical mobility have caused large segments of the population to lose touch with the symbols which once spelled security--home and family, friends, the community, the employer, the church.³⁶ David Riesman has called the person who manifests this insecurity the other-directed character type.

Such a person tends to be shallow, free with his money, friendly, uncertain of himself and his values, and showy with his tangible possessions (his car, his

³⁴Ibid., p. 742.

³⁵Ibid., p. 741.

³⁶Ibid.

house, his wife's fur coat). Socially he belongs to the "new" middle class; in business, he is the bureaucrat and the salaried employee. Passive conformity is his mode. Approval from others is his big goal. Nothing in his character, no possession he owns, no inheritance of name or talent, no work he has done has value for itself; its only worth is its effect on others. He is afraid to be "different." . . . Most significant, persons of this type cannot bring themselves to take risks of any sort.³⁷

Large organizations have an attraction to those with a need for security and so come to have a saturation of their executive ranks by the passive, dependent and submissive.

Pressures within an organization tend to make this kind of person an ideal employee in middle and lower management positions.³⁸ He is a "good soldier," loyal, hard-working, conscientious, a "company man" likely to be respected by his superiors and subordinates. He is likely to be technically competent in the performance of prescribed duties. He never questions the wisdom or competence of orders or policies or regulations, but rather adopts them as his own. A high proportion of such people selected for promotion to greater responsibility are not qualified for it at all.³⁹ Alexis de Tocqueville noted this tendency in American military organization over a century ago.

In democratic armies, in time of peace, promotion is extremely slow. . . . Those who have the largest share of ambition and of resources quit the army;

³⁷David Riesman, The Lonely Crowd (New Haven: Yale University Press, 1950), p. 19, quoted in Richards, op. cit., p. 741.

³⁸McMurry, in Richards, op. cit., p. 742.

³⁹Ibid., p. 743.

others . . . ultimately look upon the military profession in a civil point of view. The quality they value most in it is the competency and security which attend it: their whole notion of the future rests upon the certainty of this little provision. . . . Thus, not only does a long peace fill an army with old men, but it frequently imparts the views of old men to those who are still in the prime of life.⁴⁰⁾

The point of this observation was that men with conservative, risk-avoiding, security-conscious views are not fitted for the decision-making responsibilities brought on by the shocks of war. The same may often be true of middle and lower managerial personnel when promoted by seniority and technical competence to the risk-taking levels of management.⁴¹

If all that the owners of the business desire is a solid, steady perpetuation of the status quo, many such individuals will turn in an adequate performance when promoted to top, policy-forming positions. But if positive, aggressive leadership is needed to expand or improve the enterprise they are less likely to prove satisfactory.⁴² They will not want to make decisions and take risks. One of the reasons for this is the difficulty of making a generalist out of a specialist. A man accustomed for years to thinking in terms of sales or production will find it difficult to see the whole operation in balanced perspective. He will tend to see the whole organization

⁴⁰Alexis de Tocqueville, Democracy in America (New York: The New American Library, 1956), p. 282.

⁴¹McMurry, in Richards, op. cit., p. 743.

⁴²Ibid., p. 742.

from the view of his old specialty. In addition, the kind of person who has the patience and submissiveness to spend the major part of his life as the second or third man in an organization is not inherently an entrepreneur.⁴³

If he found risk-taking genuinely attractive, the earlier limitations on the scope of his authority would have been chafing. If he were strong, dynamic, and self-confident he would have found himself clashing with his superiors. Or . . . he would inevitably have been attracted by the limitless opportunities he saw about him to "run his own show."⁴⁴

The criteria of long and faithful service and technical competence which are most frequently used in choosing top level executives are not necessarily the only ones to consider. The ability to shoulder the responsibility for risky decisions is very basic. It is this particular characteristic which appraisal reports should attempt to illuminate.

⁴³ Ibid.

⁴⁴ Ibid., p. 752.

CHAPTER III

METHODS OF EVALUATION

The proper climate for appraisal is essential to start a new program of management appraisal. The program and the entire idea must have the full support of the top management of the business. The appraisal system is an additional administrative work-load which does not directly show an increase in productivity or profits. There may be human resentment at the idea of rating or being rated. Starting such a program will need positive pushing from the chief. Appraisers will have to be taught how to appraise and how to conduct appraisal interviews. They will have to be sold on the system and convinced that the program is positively in the long-range interests of the company.¹

Job requirements should be stated in writing with subordinate goals if these can be worked out. Appraisers should be taught that over-all job performance is the main thing and that all characteristics and minor incidents should be kept within this perspective.² Appraisal reports should not be used as a threat or an implied disciplinary device.

¹Heyel, op. cit., p. 36.

²Ibid., p. 37.

One approach to evaluation is called the planned performance approach.³ It is designed to combine the best and the worst features of the subjective characteristics evaluation and the so-called scientific or mathematical approach keyed, for example, to a specific percentage sales increase. The planned performance approach provides annual targets for each individual which are specifically related to the short- and long-range goals of the organization. Performance is then judged in terms of the targets established. Over a twelve-month period such functional tasks have to be measured not only in quantitative terms "how much," but also in qualitative terms of "how well." Subjective, judgmental decisions are thus a fundamental feature of this system, not only in terms of establishing well-defined goals but in estimating the quality as well as degree of achievement.

Some executives have discussed the possibility of letting subordinates set their own goals in such a system.⁴ The administration of such a system calls for the subordinate to establish his own short-term goals and responsibilities and then to discuss them with his boss until both agree on them. The subordinate then sets his own specific work tasks and again gets the approval of his superior. The subordinate later

³ Arch Patton, "How to Appraise Executive Performance," Harvard Business Review, Jan.-Feb. 1960, pp. 63-70.

⁴ Douglas McGregor, "An Uneasy Look at Performance Appraisal," Harvard Business Review, May-June 1957, p. 90.

appraises his own performance relative to the targets set. His interview with his immediate superior becomes an examination of his self-appraisal. Proponents of this idea qualify it by arguing that the supervisor has veto power over every step of the sequence described.

This proposal seems in many ways an attempt to provide an easy out for managers from the difficult human relations problem of telling subordinates in face-to-face contact how they have been appraised. The proponents of self-appraisal claim that this system makes the subordinate an active rather than passive performer in the appraisal process and hence insures his cooperation. The basic difference of approach is described as a shift from appraisal to analysis with the assumption that its validity is insured because every individual knows or can learn more about himself than anyone else. The role of the boss is to help the subordinate relate his career planning and performance to the needs and realities of the organization. The supervisor is thus relieved of the responsibility of "playing God," one author's description of the appraisal function.⁵ In theory, the individual will be helped to analyze his own performance relative to goals. This will enable him to discover his own faults and provide new and better attitudes on the part of both subordinates and superiors.

There are some serious questions to be raised about this system of self-appraisal. There may be an advantage to an

⁵ Ibid., p. 93.

appraisal system which is entirely future-oriented in terms of operating performance on the short-range job. But what about the need to record an accurate impartial evaluation for the purpose of selection, promotion and assignment on a long-range basis? The problem of whom to promote is not solved by this system.⁶ The problems of selection are important to the long-range operating effectiveness of the organization and they should not be subordinated to the desire to make interviews easier or to otherwise evade responsibility for the realistic evaluation of the subordinate by his supervisor. The valuable executive time which this system of repeated counseling through a sequence of goal-setting and appraisal interviews argues against its practical value. Such a system might tend to lower performance because of the instinct to play it safe while setting goals.

The basic idea of a planned performance approach is sound.⁷ Responsibility for setting goals rests with the top functional executive, although he may get the help of his subordinates in setting them. Some companies have successfully used incentive bonus plans coupled with planned performance appraisal. Identification of the outstanding and the poor performers is the primary objective of a system. Too much time should not be wasted on the evaluation of minor shades of

⁶Ibid., p. 94.

⁷Patton, op. cit., p. 64.

differences among the middle 60 to 70 per cent.⁸ The conventional way to do this easily is to pair the best and the worst, the next best and next worst until no difference of performance can be recognized. This system quickly segregates the two groups of major interest, the highest and the lowest.

Industry has encountered two problems in applying the planned performance or functional goal approach to appraisal. One of these is the difficulty of equating the appraisal of line and staff functions.⁹ Line functions usually lend themselves to measurement based on the achievement of quantitative goals, production, sales, etc. Staff officers normally have duties of a different nature without direct responsibility for specific quantitative results. Where possible the staff officers should be tied to a performance yardstick of the specific line functions which they support or backstop. A similar problem is in defining the goals of the senior executives who have broad, unclearly defined or indefinable responsibilities. These are two weaknesses of a planned performance rating system which cannot really be solved within the system. They call for another system transcending the limitations of appraisal keyed to quantitative output.

The planned performance system imposes discipline on an organization which adopts it.¹⁰ Considerable time and study are

⁸Ibid.

⁹Ibid., p. 65.

¹⁰Ibid., p. 69.

required to initiate the system and to minutely define in writing the life of the organization in terms of task-orientation. As usual with anything new, the chief executive must be solidly behind the program to overcome inertia. A competent and creative control function is required. The objectivity, courage and integrity of the top control officers must be unquestioned. This personnel staff must be alert and quick to advise management of any imbalance in rating quotas or change in conditions of any kind which is making established goals unrealistic or uncompetitive for a segment of the officers being marked. They must constantly study, define and review their objectives and individual responsibilities in relation to the business as a whole. Since administration of a large amount of frequently changing detail is an inherent feature of this system the application of the appraisal program should normally be limited to those executives having a clearly recognizable impact on profits.¹¹ There often may be a tendency to include too many people in the executive appraisal program.

The planned performance appraisal program is worthless, like any appraisal program, unless the system is used for personnel management. Performance rating should provide the backbone of executive personnel administration--promotions, merit increases, bonus payments and assignments.¹² Knowledge

¹¹Ibid., p. 70.

¹²Ibid.

that it does will imbue marking officers with a sense of diligence, care and responsibility to both the organization and the individual. Conversely, to the extent that personnel action ignores the cumulative effect of appraisal reports, particularly in the cases of superior and below standard performance, the appraisal process may tend to become a routine administrative chore.

The planned performance idea is part of a general reaction in business and elsewhere to the subjective analysis of characteristics, represented in its most extreme form by the use of psychological testing to evaluate or anticipate performance capability and characteristics. It is an attempt to get appraisal back to a realistic appraisal which asks, "How well does he get the job done?" It is a step in the right direction, but is limited to the extent that it provides no basis for estimating future performance.

Marking officers are well advised to seek the views of other superiors who have observed a person's attitudes and performance at work. They should discuss their ideas in order to modify the element of personal bias. This is especially true if an adverse report is being considered. It may also be a good idea when a superior report is considered.¹³ Discussion with others should not dilute the full line responsibility for performance and its appraisal. A person will consider himself

¹³ Heyel, op. cit., p. 38.

directly subordinate to the person who makes out his appraisal report.¹⁴

The management of the company must take action in its assignments, transfers and promotions to demonstrate to all personnel that it is really using the reports and basing its actions on them. This is the real key to confidence in the system and to general acceptance of the work involved.¹⁵ It should also make marking officers careful and conscientious in their appraisals and raise the level of descriptions above the trite and perfunctory.

When the stage is properly set in terms of education and climate, the details of administration of the appraisal system may be properly executed. A divisional organization chart should be prepared if it does not already exist. Job descriptions should be written for all the jobs within the management levels to be included in the marking system. Accountability factors can then be worked out for jobs which permit objective or quantitative measurement. These may be called standards of performance and should be in the nature of "pars for the course" based on averages for each management position.¹⁶

Other kinds of appraisal yardsticks involve the marking of areas of responsibility common to all jobs with assigned standards despite their commonality.¹⁷ Another is called the

¹⁴Ibid., p. 39.

¹⁵Ibid.

¹⁶Ibid., p. 42.

¹⁷Mahoney, op. cit., p. 97.

critical incidents approach.¹⁸ It attempts to identify specific acts of behaviour critical to the success or failure of certain jobs. This seems rigid and complicated and is probably impractical to apply. The most common yardsticks used for appraisal are the three mentioned above: present performance, potential for development, and a wary approach to those characteristics and traits which are directly related to present and future performance.¹⁹

The long-range success of the system and its general acceptance both as a tool of administration and an agent of personal career determination will depend upon the relevance of the marking to the jobs performed, the reliability and fairness of the marking, and the practicality with which it is administered and used. Good report forms are an important part of this utility factor.²⁰ Care should be used in the preparation and initial selection of a report form because changes over the years will upset the uniformity and comparability of marking and hence reduce the usefulness of the system. Uniformity and comparability are the signal reasons for using some kind of form in preference to prose reports alone. The use of prose reports places too great a premium on working for a superior who knows how to write.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Bennett, op. cit., p. 168.

The form should provide spaces for evaluation of performance, description of traits, a small 25-50 word thumbnail sketch in prose, notes on the developmental discussion accompanying the appraisal, a description of any unusual outside achievements and recommendations concerning promotion and next assignment.²¹

Various methods of marking have been tried. Ranking involves marking the most superior as number one, the least desirable as the last number of the group and continuing to pair best and worst until the median of the group being marked is reached.²² This is a useful device when a large number of individuals must be compared. If shown on the report it is useful for the reviewing officer in judging the scale or frame of reference of the marks. Another system is to develop standards for each job and a corresponding scale of measurement. This "scale technique is not considered reliable as a measurement technique."²³

Groups of weighted descriptive statements have also been used to provide the marker with a choice which is later independently evaluated by a personnel officer.²⁴ The essay technique has been mentioned above. Despite its limitations it should be a small part of every report, partly to reduce the

²¹ Ibid.

²² Mahoney, op. cit., p. 101.

²³ Ibid., p. 103.

²⁴ Ibid.

impersonal, canned quality of other marking systems, and partly to show something of the character and ability of the person doing the marking. In all cases this part of the report should be handwritten in ink. This reduces the tendency to use stereotyped phrases and cliches.

Heyel recommends marking performance on a five-step scale of poor, fair, good, excellent and outstanding.²⁵ This seems reasonable on the face of it. The difficulty is comparability between different appraisers. One will assume "good" as his average into which the majority of his subordinates will be lumped. If most other markers use "excellent" for the median group the individuals marked "good" will find themselves being considered below average or "fair" instead of good. This system leaves too much room for the human tendency to be generous. The simple and desirable solution to this problem is to provide for three standards on every scale of rating. Average should mean just that: good, satisfactory performance. Below average should mean unsatisfactory performance and should call for firing, disciplinary action or warning as appropriate. Above average should mean superior or outstanding performance. If such a scale were properly employed it seems likely that eight out of ten individuals in a marking group would be placed in the middle category. Written justification would be required for marks above or below the middle category.

²⁵Heyel, op. cit., p. 141.

The same three-step system could be usefully employed to reduce the confusion in deciding whether a person has shown average, above average, excellent, outstanding, below average or unsatisfactory personal appearance, for example. Why not make the median mark "no markedly favorable or unfavorable impressions"? Heyel suggests unsatisfactory, problem, no problem, positive, and highly positive.²⁶ This seems workable for the marking of traits and characteristics, but it still leaves leeway for a floating average. The key criteria in rating scales should be the question: To what extent does it single out the 10 percent or 5 or 2 percent who are really superior and marked for promotion and development? This suggests that a three-step scale such as problem, no problem and positive would be more useful.

A discussion of methods of evaluation should include an analysis of the value and import of testing as a means of predicting present capability and future performance. Some executives in many organizations will always opt for a pat system of testing or measurement of fixed performance criteria in order to eliminate the responsibility of making a judgmental decision. It is easy to fall back on numbers or test results rather than face hard choices involving people. This natural refuge of bureaucracy is reinforced by the great aura attached to science. Testing seems to bring the weight of true science to bear upon the knotty problem of evaluating people.

²⁶ Ibid., p. 149.

The natural temptation is to use a scientific approach, that is, to develop a battery of psychological tests. This country is, unfortunately, still plagued with the traditions of pre-World War II German scholarship which attempted to apply the same precise, objective measuring techniques to human behaviour that had proved fruitful in the physical sciences. Most educational institutions and a great number of business organizations are "test happy." . . . Nothing is more unreal than to assume that human traits are internally homogenous, static things which can be measured against an inflexible rule. . . . In the determination of the extent to which a given person is a potential entrepreneur-manager and can use participative-consultative methods in leading his people, psychometric devices (tests) have almost nothing to contribute.²⁷

This is not to say that there is anything wrong with tests per se. Aptitude and intelligence tests have been used for many years and they can generally be considered to perform a useful and valid function as long as they are taken at face value without interpretation or correlation or statistical summary. This means that if the person tested answers "4" to the question, "What is $2 + 2$?" that this signifies that this person knows the sum of $2 + 2$ --nothing more.²⁸ "If he is all thumbs when he puts wiggly blocks together, he won't be very good at a job requiring enough manual dexterity to put things like wiggly blocks together."²⁹ The person who is tested on his vocabulary knowledge and found to have around a 5,000 word vocabulary may be reasonably assumed to be unsuited for work

²⁷ McMurry in Richards, op. cit., pp. 753-754.

²⁸ Whyte in Richards, op. cit., p. 807.

²⁹ Ibid., p. 808.

requiring a 50,000 word vocabulary.³⁰ These are examples of legitimate testing functions which directly evaluate a specific measurable ability or knowledge. They are valid as long as only simple, direct inferences such as those cited above are drawn from them. They are invalid when they are used as a source of inferences about the personality, traits of character or future ability and performance. They are invalid when compared with a statistical "norm" or "profile."

Intelligence tests are useful as general indicators of intelligence or previous training. But they are not useful for determining fine differences between individuals who are within the same general test-score range. Other untested and unmeasurable attributes such as diligence, character, work skills, demeanor and attitude will normally be considered. The best decisions of this kind are made by human beings using judgment and common sense to subjectively reach a decision which normally cannot be road-mapped logically. Even the objective tests which measure intelligence and aptitudes have to be used with a strong measure of common sense.

Many American corporations are using personality tests in their personnel programs. It has become common to screen job applicants with a battery of psychological tests. The cause of concern is the use of such tests in the evaluation of existing managers.

³⁰ Ibid.

Should Jones be promoted or put on the shelf? Just about the time an executive reaches forty-five or fifty and begins to get butterflies in his stomach wondering what it has all added up to and whether the long-sought prize is to be his after all, the company is probably wondering too. Where once the man's superiors would have threshed this out among themselves, in some companies they now check first with the psychologist to find out what the tests say. At Sears, for example, for the last ten years no one has been promoted in the upper brackets until the board chairman has consulted the tests. At Sears, as elsewhere, the formal decision is of course based on other factors also, but the weight now being given test reports makes it clear that for many a potential executive the most critical day he spends in his life will be the one he spends taking tests.³¹

What is wrong with testing a man to see if he has the personality attributes normally associated with high responsibility? The reason usually passed over lightly is the moral question. Personality testing is an unwarranted invasion of personal privacy.³² When a man goes to work for a large organization he surrenders a degree of personal freedom and individual choice. His life will necessarily be influenced by the customs, duties, regulations and mores of the organization. He must conform in attitude, dress, speech, conduct and performance to these mores both on and off the job. But he should have the freedom to have an inner self that is not subject to the probing and prying of the company psychologist and anyone else who is given access to his test results. This invasion of privacy is an important argument against personality evaluation through tests.

³¹ Ibid., p. 805.

³² Ibid., pp. 816-817.

Do the tests really help companies to single out the exceptionally capable individual? There is mounting evidence that not only do the tests fail to single out the exceptional person, but that they also actively discriminate against him in favor of a conformist "norm" who is sufficiently bland to score high on tests of personality.³³ To test this contention Fortune magazine administered a battery of commonly used personality tests to a group of outstanding scientists and executives to see if their scores would correspond to their achievements. Conclusion: if the tests were rigorously applied across the board today, half of the most dynamic men in business would be out walking the streets for a job.³⁴

Personality tests are another example of the effort to apply the methods and precision of the physical sciences to the social studies and humanities. The full claim of scientific investigation and mathematical analysis is brought to bear by the testers, now a huge industry, to convince the layman that their methods and results are accurate and valid. Neither in the questions used in the tests nor in the methods of analysis of the results is there objective science. Both contain debatable assumptions, questions of values assigned mathematical weights to relate them based upon entirely subjective considerations.³⁵ The result, deliberate or not, is a set of yardsticks

³³Ibid., p. 807.

³⁴Ibid.

³⁵Ibid., p. 808.

that reward the conformist, the pedestrian, the unimaginative-- at the expense of the exceptional individual whom management most needs to attract.³⁶

Why is this so? In what way does personality testing differ from aptitude and intelligence testing? One is measurable and the other is not. With a certain degree of accuracy individuals can be tested to determine how well they understand spoken French. The test results can be placed on a linear scale and used to compare individual abilities within a group. But no two individuals will even define a given personality trait in the same manner. They will certainly not agree on antonyms which purport to depict the exact personality opposite of a given trait. For example, it is fallacious to say that if a person's scores reveal that he is 72 percent 'emotional' then he must be only 28 percent 'steady'.³⁷ What is the meaning of 'emotional' in describing personality? If a person is 'more or less' emotional in percentage figures, what is the norm with which he is being compared? Who decided that certain responses to certain questions indicated conformity to a norm from which mathematical comparisons could be drawn? What is normal? Is normality a criterion of exceptionally capable people? The answer to this question is self-evident. Exceptional people have abnormal drive and are more dynamic than average people.

³⁶ Ibid., p. 807.

³⁷ Ibid., p. 808.

How emotional, or steady, or sociable should a good manager be?

All such questions are meaningful only if related to dozens of intangibles. In some occupations and social groups the reading of a book, or the preference of reading to group social activity such as bowling, is considered an unsocial act. A member of this group who indicated on a test that he normally preferred reading to going bowling might be introverted socially. But the question is relative. Posed to someone in a group where reading is considered a way of life and the chief source of intellectual stimulation and social talk, this question would tend to produce an unobjective and invalid result. There is a hidden value judgment made by the person who constructs the tests. He says to himself that going bowling is a more normal and wholesome pursuit than reading; the person who prefers reading to bowling is therefore somewhat anti-social, etc. But the person who answers the test in favor of reading could still be a strong extrovert who simply doesn't like to bowl.³⁸ Great leaders have exhibited many different personality attributes. Some have been extremely gregarious; others have been misanthropes. The testers inject another hidden value judgment when they say whether the norm should be more or less sociable or introverted.

This is a defect characteristic of all personality tests. The profile against which people are measured is obtained by

³⁸ Ibid., pp. 808-809.

collating in chart form the personality scores of groups of people in different occupations to show how they compare with other adults on several personality traits.³⁹ Then this comparison is expressed as a percentile rating to give the full aura of scientific and mathematical mystique to the test. For example, the testers may find that the sociability rating on their test of thirty salesclerks was around the eightieth percentile. This means that the average salesclerk is more sociable than 79 out of 100 adults. The average sociability of adults in general may have been deduced by a sample testing of less than one thousand persons. Were they an average cross-section of normal people in different walks of life? Were they inmates of a prison? Were they draftees? Were they "normal"? Only the testers know or pretend to know. And yet, in some companies a man being considered for a particular kind of job can be matched against the master profile for the group. "If the shoe fits, he is Cinderella." At Sears, Roebuck, for example, "A man does not have to match this profile exactly, but it won't help him at all if his line zigs where the chart zags."⁴⁰

Once such tests are started within an organization they tend to set up their own self-confirming echo in a number of ways.⁴¹ At the induction level the tests tend to screen out or

³⁹Ibid., p. 812.

⁴⁰Ibid., p. 807.

⁴¹Ibid., p. 814.

repel the individuals who might vary significantly from the previously determined profiles of norms. After several years only the type inducted will be eligible for testing and observation as executive material. It will be easy for the psychologist to conclude that the truth of the tests has thus been confirmed. Of course it is true that many companies had found long before the advent of testing that if you induct only certain kinds of people then all of the successful people within the organization will be that kind of person. But this process was not "confused with the immutable laws of science."⁴²

Use of tests within a company will have its own molding effect on the individuals who are tested. Many of these tests are sufficiently transparent that after one passage through them an astute individual will instinctively sense the "right" answers, that is, those that will keep him classified as one of the "good guys." Since the profile has been selected to conform to the company ideal, the pressures of give and take, the pressures to conform to that ideal, will force the newcomer to become more like it as he remains in the organization.⁴³ When the psychologists do their validating of test results, the results will tend, for a variety of reasons, to be self-confirming.

Testing within an organization costs a lot of money over a period of years. This means that within the organization there

⁴²Ibid., p. 813.

⁴³Ibid., p. 814.

will be a group of individuals in addition to the psychologists who have assumed responsibility for starting testing, who have made many decisions based on the test results and who therefore have a large stake in proving the correctness of the test results.⁴⁴ Sometimes this can lead to punishment of an individual in order to prove the correctness of the tests.

One large midwestern company was about to promote a man when it decided to have him take a test. The report that the consultant firm mailed back to the company was freighted by the analyst with warnings about the man's stability. The company was puzzled. The man had consistently done a fine job . . . at last it decided to tell the man the promotion he had expected so long was going to someone else. Six months later . . . the man had a nervous breakdown. As in all such stories, the company says this proves how accurate the test was.⁴⁵

Simple yes-no or multiple choice tests often punish the person of high intelligence in another, more subtle way. The bright person always wants to read deeper into a situation than the simple statement of the normal multiple-choice lead permits. "How big was that fire in the basement of the theater? This is not a quibble; it is the kind of question that occurs to the intelligent mind, and the ability to see shadings, to posit alternatives, is virtually indispensable to judgment, practical or otherwise."⁴⁶ Remember, we are searching for ways to distinguish, select and develop leaders and managers, not just

⁴⁴ Ibid.

⁴⁵ Ibid., italics added.

⁴⁶ Ibid., p. 815.

good organization men who know how to read the book and follow orders. The bright person will often score poorly on tests of this type because he rejects the obvious answer as too obvious and reads subtleties into a "wrong" answer. He will do this, that is, until he learns how to take tests of this type.

A surprising amount of information has been published on how to take these tests. Whyte advised giving a pedestrian, conventional answer in word associations and comments about the world.⁴⁷ This is to side-step the "radical" or "abnormal" tag. He further advises the person being tested to repeat to himself when in doubt about the most beneficial answer to any question:

I loved my father and my mother, but my father a little bit more.
 I was a happy, normal American boy and everybody liked me.
 I like things pretty much the way they are.
 I never worry about anything.
 I love my wife and children.
 I don't let them get in the way of company work.
 I don't care for books or music much.⁴⁸

Will a person who honestly scores well when measured against such criteria be likely to be the dynamic, exceptional individual fitted for large responsibility? Or will he be pedestrian, conventional, run-of-the-mill, normal and well-adjusted above all else?

⁴⁷ Ibid., p. 814.

⁴⁸ Ibid.

We don't have to jump to the obvious conclusion in answering this question. In the case of the tests administered by Fortune to fourteen corporation presidents and board chairmen, not one had a profile that fell completely within the "acceptable" range, and two failed to meet the minimum profile for foremen. Most of them scored poorly on the "how supervise?" questions and did particularly poorly on questions concerning employee relations. The range of scores was so great as to make a median figure meaningless. For example, on the Thurstone "S" score for sociability only eight of a group of forty-three management men tested fell between the fortieth and sixtieth percentiles. The other thirty-five were grouped at opposite ends of the scale. The scores were internally contradictory. Many who scored high on "steadiness" on one test scored very badly on "stability" on another test. Many who scored high for "contentment" scored low for "tranquility."⁴⁹

Was this a valid test of the accuracy of tests? Probably not. The individuals taking the test were answering honestly rather than playing for the norm as they would have been doing if they were not secure in the knowledge that this test had nothing whatever to do with their careers. But if they were answering honestly, could it be that they really are maladjusted or neurotic because of their low test scores? It seems more likely that the measure of normality established by the

⁴⁹Ibid., p. 815.

personality testers is invalid and that being well-adjusted to the "normal" profile of these tests is not a proper yardstick for evaluation of top management personnel.⁵⁰

At Westinghouse Electric . . . 10,000 management men have already been coded onto I.B.M. cards that contain, in addition to vital statistics and work records, the men's personality-test ratings. What with the schools already doing much the same thing, with electronics making mass testing increasingly easy, there seems no barrier to the building of such inventories for every organization.

Except common sense.⁵¹

⁵⁰ Ibid., p. 816.

⁵¹ Ibid., p. 806.

CHAPTER IV

ADMINISTRATION OF EVALUATION SYSTEMS

One of the principal problems of an executive evaluation system is deciding the appropriate level at which to begin and end the reporting system. Who should be reported upon and who should not? Should the shop foreman or line supervisor be included in the system? Are division managers or vice-presidents beyond the need for systematic evaluation? The correct answers to these questions are vital to the success of a reporting system. It costs money to mark, process, file and analyse reports over a period of years. It absorbs executive time and energy. If the marking base is drawn too low in the hierarchy the sheer quantity of administration may dilute the accuracy of data input and evaluation. If drawn too high the promotion base will be correspondingly narrowed so that young executives with high potential are not singled out early enough in their careers to be of maximum benefit to the organization through development programs and accelerated promotion.

Writers in this field disagree on this subject. Some say that the upper limit of marking should be established somewhere in the "middle-management" area, the higher up, the better.¹

¹Heyel, op. cit., p. 23.

The writer agrees with the author who says that all members of the management team should properly be included in the evaluation system.² It is assured that the management team will be so defined to include the junior officers in the hierarchy who could conceivably be potential future senior executives. This permits the accumulation of uniform data on a person's performance and characteristics over a period of years. The promotion system will also be a determining factor in deciding how low to go with a marking system. If all promotions are made by a remote central headquarters then all persons in the hierarchy will have to be marked and reported upon in order to provide the center with a basis for promotion.

The need to continue the system of reporting even after promotion to vice-presidential level exists because individuals near the top of the pyramid may be considered for the post of chief executive. This particular job is unique. The chief executive must make the final decisions. He represents the entire organization before the public and the stockholders. His leadership must furnish the drive to move the entire organization forward. His job is complex, subtle and demanding.³ All the tools of rational care should be utilized in the selection of the individual to fill the top post.

² Mahoney, op. cit., p. 108.

³ Martindell, op. cit., p. 128.

"The higher the level of the executive being appraised, the more important certain factors of basic understanding, attitude and motivation become."⁴ Errors made at a high level are costly because the entire organization is effected by them. Such errors take effect with delayed action and cannot be quickly remedied even if recognized early. The individual who made the faulty decision may be retired or transferred long before the errors are apparent. High level errors often increase in magnitude because they are reflected in the morale and attitudes of many subordinate executives with a ripple effect right down to the bottom of the pyramid.⁵ Continuous reporting of performance can decrease the possibility of an inept individual being promoted still higher where his opportunities for error are even greater.

There is another reason for the need for continual reporting on individuals even after they have been promoted to high level. The good performer of last year may turn sour this year. As time passes men age, ambitions dry up, motivations change and health and energy may deteriorate.⁶ Proper reports will disclose such a tapering off in a senior executive. As already noted, an individual who seemed competent for higher responsibilities when he held a lower post may not prove capable

⁴Heyel, op. cit., p. 127.

⁵Id.

⁶Pennett, op. cit., p. 191.

under the test of performance in a bigger job. A military organization should concentrate on a deliberate plan of forced retirement at the top and middle of the structure in order to insure that the level of youthful energy necessary for combat operations is continuously maintained.

When a democratic people goes to war after a long interval of peace, all the leading officers of the army are old men. I speak not only of the generals, but of the non-commissioned officers . . . all the soldiers are mere boys, and all the superior officers in declining years; so that the former are wanting in experience, the latter in vigor. This is a leading cause of defeat, for the first condition of successful generalship is youth: I should not have ventured to say so, if the greatest captain of modern times had not made the observation.⁷

Continuous reporting makes the evaluation system available for both kinds of selection--promotion and demotion, discharge or forced retirement.⁸

If there is divergence of opinion on whom to appraise there is equal disagreement on the question of who shall appraise. In most organizations the immediate superior makes the appraisal report.⁹ Such individual appraisal is subject to the bias of that single individual. With this system the review procedure is an important feature. Group appraisal is another system which has been tried.¹⁰ It is expensive in terms of time

⁷de Tocqueville, op. cit., pp. 280-281, italics added.

⁸Pennett, op. cit., p. 191.

⁹Heyel, op. cit., p. 23.

¹⁰Ibid., p. 24.

and money. If the group is dominated by a single individual it may be subject to the same danger of bias as the individual marking system. An advantage of the group system is that it may increase the confidence of the subordinate in the fairness of the result. In the group system the immediate superior is a member of the group. The Detroit Edison Company uses a four-man committee of superiors, one of whom is the immediate superior of the individual being rated.¹¹

Multiple appraisal is a system of independent marking by several different appraisers. It generally requires consolidation by a staff officer of several independent reports. It is time-consuming for those who must make out the multiple reports and it places a large, perhaps undue, responsibility on the staff coordinator. A different projection of a staff officer into the appraisal machinery seems more worthwhile. This is the field-review method, where the staff specialist makes out all the reports based on his interview of the immediate superiors.¹² This system produces uniformity of terminology and ranking criteria and seems to provide an excellent buffer against personal bias. The objection is that the system depends entirely on the ability of the staff specialist. A change of staff specialists within an organization would probably upset the marking criteria in a subtle but unmeasurable way.

¹¹ Mahoney, op. cit., p. 111.

¹² Ibid., p. 110.

The systems of appraisal mentioned above base the evaluation on the observations and opinions of superiors, either individually, collectively or through a staff interpreter. Appraisal by contemporaries and appraisal by subordinates are two different approaches that have been tried by various organizations in the past. A system of ranking and reporting by contemporaries among second lieutenants undergoing instruction at the Marine Corps Basic School has been practised for some time. The officers rank each other in order of best to worst and make brief written comments on each IBM card. The computer compiles all the rankings into one master list. Experience with this system indicates that the remarks and the scoring of the officers on each other were remarkably perceptive and accurate. Ranking tended generally to correlate with the similar ranking performed by the staff supervisors, although there were occasional sharp surprises. There was a gain in information and an accurate comparative ranking from the system of contemporary rating.

It was noted, however, that the team spirit and group cohesion of the platoon which existed before ranking took place could seldom afterwards be recaptured. Contemporary rating bred an "every man for himself" attitude. Formation of small cliques of individuals tended to solidify and individual competition was sharpened. The gain in information from a system of contemporary rating should be balanced against the possible reduction of harmony within the group of individuals who rate each other. This loss may be considered justifiable in a school

situation where a group of individuals is brought together temporarily. It would seldom be justified in a more permanent working situation.

Going a step further in radical departures from the customary rating by superiors is the idea of reporting and rating of superiors by subordinates.¹³ It is unquestionably true that subordinates are often in a position to observe and to keenly evaluate the strengths and weaknesses of their superiors in the hierarchy better than the superiors of their superiors. This ability has already been noted in connection with the characteristic of decisiveness. The idea has occurred to some organizations, "Why not get regular reports by subordinates on their bosses and let the bosses know how they are regarded and where they need to improve?" Some companies are doing this. Higher management gathers reports from subordinates, evaluates and screens the information obtained, and passes it on in interview form to the intermediate manager rated by his subordinates. Proponents of the system claim that performance of managers is improved. Experience with such a system would seem to indicate that many of the same objections and considerations which apply to contemporary ranking also apply to subordinate rating or evaluation. It places a burden of attempting to please subordinates on the manager which may color his judgment to the extent that this consideration will be

¹³ Heyel, op. cit., pp. 25-26.

placed above the common-sense requirements of performance. It weakens the pattern of authority¹⁴ which underlies the functioning of any organization no matter how participative or consultative the working relationships may be on the surface. On the other hand, information is obtained in this manner which might not otherwise have come to light.

Sometimes a reliance on subordinate rating may be a substitute for the routine performance of the supervisory function by higher management. They may be substituting subordinate rating of intermediate managers for their own failure to observe, inspect, question, coach and counsel their subordinates or for a failure in the flow of upward communications. At any rate, the obvious pitfalls, the predictable adverse effect on discipline and future working relations indicate that subordinate rating should be considered only as a possible supplementary check on performance.¹⁵ Considerable judgment is necessary in the administration and in the evaluation and use of information so obtained. Better information can probably be obtained by an informal system, for example, by a superior walking around and informally chatting with subordinates, gaining their confidence and getting them to talk about how their work is going. Many bits and pieces of information about managerial performance can thus be indirectly obtained without the adverse effects on

¹⁴ Ibid.

¹⁵ Ibid.

employee discipline and supervisor morale that are risked by a more formalized system of subordinate rating.

Heyel recommends a stern, annual self-evaluation.¹⁶ The officer rates himself in answer to a check-off list of questions and then, in common with other systems, discusses his evaluation with his immediate superior. This system seems to be, but is not necessarily, a device to shift the burden of coaching and appraisal from the marking supervisors. Here is an example of such a self-evaluation check-list.

1. Have you met your profit goals?
2. Have you maintained lines of communication as well as you should have?
3. Do all people reporting to you know exactly what they are supposed to be accomplishing?
4. Have they in turn communicated down the line?
5. Are you doing your part in the community?¹⁷

This may be a useful coaching or leadership training device but it seems to have limited application as an appraisal system. It shows the range of ideas on the subject.

Despite conflicting recommendations by management writers, the most satisfactory system of evaluation still seems to be the tried and true marking by the immediate superior of the individual with a review by the next superior upward in the organizational hierarchy.¹⁸ Organizations should delegate the marking and reporting authority far enough down so that the

¹⁶ Ibid., p. 28.

¹⁷ Ibid.

¹⁸ Mahoney, op. cit., p. 108.

actual immediate superior who supervises and observes the performance of the person being marked writes and signs the report.

Could failure to delegate be considered a weakness of the marking system used in the Marine Corps? The lieutenants in a company are under the direct observation and supervision of the company commander, normally a captain, but the captain does not sign their fitness reports. They are signed by the battalion commander. Direct observation of the performance of lieutenants in a subordinate echelon is usually limited on the part of the battalion commander. How does he do it? The company commander prepares "rough" recommended reports which the battalion commander essentially copies and signs as his own. The final report is not signed by the person who had a major influence upon its content, the company commander. The battalion commander is the direct superior and makes a genuinely observed report on the performance of the company commander. The company commander's "rough" recommended reports are influenced to a greater or lesser degree by the impression he hopes his marking superior will gain of him. Since he does not sign the final report the system may be open to abuse. For example, a unit performs exceptionally well, due in part to the performance of the junior officers. The company commander gives all except one of them mediocre recommended reports in order to convince his superior, the person actually signing all the final "smooth" reports, that it was his own outstanding performance alone that caused the good unit performance.

An argument raised on behalf of this system is that delegation of marking authority to the actual immediate supervisor would create lack of uniform standards within a battalion. If this same logic is extended, then lack of uniformity within a regiment or a division would call for infinite escalation of the level of marking authority. Another argument is that the company commander does not have the maturity or experience to mark officers. This argument is simply refuted by the fact that the company commander does mark the officers under him in the form of secret recommendations which he is not required to sign and which do not become part of the record. How much better it would be if the reports bore the signature of the person making them and were subject to the screening, supervision and review of the more mature battalion and regimental commanders.

This example could be applied to many marking and organizational situations other than the one cited. It is cited to demonstrate the importance of a good system of review of fitness reports by the superior once removed from the immediate supervision of the person being marked and the need to delegate primary marking authority to the immediate superior who genuinely observes and directly supervises performance.

Bennett recommends that performance evaluations be made simultaneously and independently by three levels of line management in the chain of command.¹⁹ Presumably the function of

¹⁹ Bennett, op. cit., p. 162.

marking would rule out the need for a review system. This proposal is unworkable in a military organization, and is likely to be so in any other organization. The volume of reports that would have to be made by the highest of the three reporting officers in the hierarchy, and the effort to try to observe or learn something firsthand about the persons being marked makes this idea seem impractical.

Reports should be required at fixed intervals, usually of one year's duration,²⁰ although some writers recommend six months as the appropriate interval.²¹ Appraisal itself should be on a continuous basis even though reports are submitted only at stated intervals.²² If the interval is too frequent then the burden of work will tend to make the reports perfunctory. Too great an interval reduces the amount of information collected on an individual and does not allow for the changes that can occur in performance and characteristics within the interval covered. If the interval is two years it is conceivable that performance during the last six months could differ markedly from that of the first six months. Which part of the period is the report supposed to portray where such differences exist?

The administration of evaluation reports calls for a simple system of dossiers on each person reported upon where

²⁰Heyel, op. cit., p. 26.

²¹Bennett, op. cit., p. 98.

²²Heyel, loc. cit.

the accumulated reports are retained on file for visual inspection when required for promotion, assignment and salary administration. In a large organization this means that much time and effort is expended in sorting, screening and analyzing the information contained in the files of individual evaluation reports. This has led to the idea of applying science and mathematics to the field of personnel administration by using a computer to make job assignments and selections for promotion.

The use of computers in government and industry has become an important fact of modern organizational life. It has provided important impetus for streamlining organization structures and systems of information flow. Use of computers is making possible the rapid and timely consideration of a kind and amount of information that would be impossible otherwise. It is an invaluable tool when properly used to describe and process information which can be measured and stated in numerical terms ("quantified"). Success in the use of these techniques in materiel inventory and supply management has led to the proposal to use the same techniques to catalog, classify, quantify and correlate people.

The International Business Machines Corporation has designed a personnel management system which is intended to aid personnel managers in formulating plans, allocations, and assignments that effectively deploy available personnel resources to meet job requirements.²³ One of the special features of

²³ International Business Machines Corporation, Personnel Management System (Washington Systems Center, Oct. 1963), p. 1-1.

this system is a personnel-network technique that concisely depicts the eligibility relationships between available personnel and authorized jobs, thus facilitating computer application. This system would make assignments effectively by considering grade-skill-manning, priorities, preferences, career management, and detailed characteristics of individuals and jobs. Jobs would be described in mathematically stated terms, the people in the "inventory" would be described in the same terms, and the computer would be programmed to match the people with jobs.

When assigning individuals to specific jobs, individual differences are considered. The individual assignment subsystem uses a procedure to match the characteristics contained in individual records with the characteristics required for individual positions.²⁴ Varying weights are given to such factors as individual preferences, transportation costs, skills, and job assignment priorities. To provide the data used in "subsequent processing," the authorized requirements and personnel inventory are expressed in terms of grade and skill at individual and summary levels. This means that not only does the computer record in a data bank the mathematical descriptions of individuals and jobs--it also lumps them together mathematically using the techniques of statistics mathematics.

By applying mathematical techniques, personnel can be assigned in a way that best implements a given set of

²⁴Ibid., p. 2-3.

policies in accordance with priorities and constraints. These mathematical techniques first determine a feasible solution within the indicated constraints. If more than one solution is feasible, mathematical optimization techniques are used to determine the best plan for meeting priorities, minimizing cost or some other defined measurement.²⁵

The machine is programmed to handle the data first in a long-range planning subsystem and then in a short-range allocation subsystem. The long-range planning system seeks to solve the problem of allocating personnel in such a way that the requirements in each of several time periods are met.²⁶ The short-range allocation subsystem involves only one time period. The planning which involves the actual manipulation of people occurs in the short-range planning system. This system is of particular interest.

The short-range allocation subsystem allocates categories of people to categories of positions.²⁷ All individuals in a given personnel category are treated alike. For example, four hundred electronics engineers can be further categorized by ranks of captain and lieutenant. The computer will mathematically consider the alternative ways of allocating these men to four hundred billets of required personnel in accordance with the instructions programmed into it. Individual differences among these men are not considered until the next phase, that of individual assignment. The short-range allocation by category

²⁵Ibid., p. 2-6.

²⁶Ibid., p. 3-1.

²⁷Ibid., p. 4-1.

is based upon the long-range plan. It is chiefly used to guide the conduct of personnel planning and to determine such cost implications as housing and transportation. Cost factors are maintained in the data bank and can be injected into the computer output to develop budget estimates and to monitor appropriations.²⁸

The principal considerations of the programmed phase of the computer operation which assigns individuals to specific positions are that each position must be filled under a given set of rules or policy constraints and that each individual should match his job, as far as possible, within this set of rules or constraints.²⁹ How does this occur? First, jobs and individuals are placed in paired categories so that every individual in a category will meet the minimum qualifications for each position in the corresponding category of jobs. For each position the personnel qualifications desired above the minimum required are entered into the computer. Then the detailed qualifications of each individual which are above the specified minimum are entered. Finally, promotion and eligibility lists are entered if they are available. This serves to further rank a given set of individuals within a category by either seniority or preferability based on past performance ratings.

²⁸ Ibid., p. 4-4.

²⁹ Ibid., p. 5-1.

Individual assignments are determined by classifying individuals and positions into groups. Then groups of individuals are matched with groups of positions according to the weighted number of common characteristics.³⁰ The computer does not compare the characteristics of each individual with the characteristics of each job in this phase. The individual is considered to the extent that his characteristics, mathematically described in terms of numbers that can be programmed, identify him with his group in his category of people versus jobs. It is only after this grouping that individuals are matched with specific positions. "If a position coincides with an individual's preference, then the characteristic (data element) preference of individual and position match. If an individual who speaks Spanish is assigned to a position in which a knowledge of Spanish is desirable, then the characteristic 'speaks Spanish' of individual and position should be matched."³¹ The description of the system by the International Business Machines Corporation employs only objective criteria which can be stated as a yes or no, true or false kind of fact or which can be measured and stated in numerical terms as a mathematical absolute. Subjective considerations requiring reflection, judgment and common sense cannot be entered into a computer. Subjective characteristics cannot be measured in

³⁰ Ibid., p. 5-2.

³¹ Ibid., p. 5-5.

the true scientific sense of the word. Figures concerning theoretically objective values such as "speaks Spanish" may be meaningless.

In the spring of 1962 the Commandant of the Marine Corps directed the organization of a French and Spanish language training program using available Marines for instructors. Computers were used to screen records and quickly produced lists of people who "speak Spanish." Almost none of the people listed by the computer could be used. The computer did not record, for example, that the individual was last tested in 1946, that his test scores showed only a poor to fair fluency, and that he had not used the language since then. But in the system described above such individuals would have been automatically matched with jobs which had input a "speaks Spanish" requirement. This is an example of the need to regard with caution much of the objective "data" which scientists, mathematicians and computer programmers tend to regard as absolute and immutable statements of fact.

The International Business Machines plan calls for a management review of preliminary assignments made by the computer, followed by modifications to the original assignments based upon the input of new criteria into the computer. "The process of evaluating and modifying preliminary assignments and re-evaluating new assignments continues until an assignment is approved by management."³² This description of the system

³²Ibid.

gives the illusion that in the last analysis people are still assigning people and can easily over-rule the mechanical processing of the machine. Logic tells us that this is not so. Where computers have been installed to replace the administration conducted by people such replacement is an important part of the justification required for their purchase or rental. Once a computer system of personnel assignment is in operation there will not be enough people left to perform the detailed manual screening of individual records formerly conducted. Deadlines, costs and "efficiency" will tend to dictate reliance on the grouping of the machine.

An evaluation of such a system of assigning people must take into consideration certain key features of the system. First, the scientific approach is applied to people on the assumption that they can be adequately described in precise numerical terms. Second, the mathematics of statistics is used by the computer to analyze and group these coded characteristics of people. Third, human review of the assignments made by the computer in accordance with the policy instructions programmed into it is difficult because there is no record in the final output of what the computer "considered" in making the assignment. Let us examine each of these key features of such a system.

Objective components of the world in which we live, and of the people who live in it, can be precisely measured, stated in mathematical terms, and hence put into a computer and used to arrive at a mathematical solution to a stated problem.

Supplies in a warehouse inventory represent an example of components of reality which lend themselves to this technique. Some characteristics of people share a common character with the supplies. The day a person was born, and hence his age, is an immutable fact. Few other things about a person can really be objectively described, even though psychologists and others pretend that they can. People are constantly changing, losing old skills and acquiring new. Each person is unique, different from all other persons. His traits of personality, character and ability are difficult to determine or define, much less to measure and state mathematically. The attempt to place people in "inventory" and to mechanically assign them is misguided.

The influence of computers will continue to be enhanced if those who use them attend chiefly to those components of reality which can be put into a computer and processed by it . . . the whole trend toward cybernation can be seen as an effort to remove the variabilities in man's on-the-job behaviour . . . which, because of their non-statistical nature, complicate production and consumption. Thus, somewhere along the line, the idea of the individual may be completely swallowed up in statistics.³³

Another critical feature of the application of computer routines to personnel assignment is the statistics and mathematics used by the computer. It is difficult to interpret figures when they relate to some problem such as human characteristics. But it is extremely easy to do arithmetic, especially with a machine. Averages can be calculated to nineteen decimal

³³ Donald N. Michael, "Cybernation: The Silent Conquest," *Automation Implications for the Future*, ed. by Morris Philipson (New York: Random House, 1962), p. 115.

places with great ease. When the job is done it looks very accurate. "It is an easy and fatal step to think that the accuracy of our arithmetic is equivalent to the accuracy of our knowledge about the problem in hand."³⁴ There is something irrefutable about the neatness and precision of hard, cold figures. They seem to carry with them the full weight of both scientific logic, precise measurement, and accurate calculation. They are extremely difficult to refute because they appear so accurate and so objective. Usually arguments against them can be stated only in subjective criteria, always unpositive, vague and difficult to pin down. And yet the subjective analysis may be correct and the mathematical "facts" a complete falsehood.

The mathematics is impeccable--and thus entrapping. Because "percentiles" and "coefficients" and "standard deviations" are of themselves neutral (and impressive sounding), the sheer methodology of using them can convince people that they are translating uncertainty into certainty, the subjective into the objective, and eliminating utterly the bugbear of value judgments. But the mathematics does not eliminate values, it only obscures them.³⁵

"Statistics is no more than State Arithmetic, a system of computation by which differences between individuals are eliminated by the taking of an average."³⁶ But the differences are still the reality of personnel assignments. A group of ten people has an average intelligence quotient of 110. From this the

³⁴W. J. Moroney, Facts From Figures (Baltimore: Penguin Books, 1951), p. 3.

³⁵Whyte in Richards, op. cit., p. 808.

³⁶Moroney, op. cit., p. 1.

statistically programmed computer may infer that the individuals in the group are all suitable for job assignments in that IQ range. But one of the individuals could be a genius and another a moron. It is not the averages that really tell the story.

Human review of the solution obtained by the computer is extremely difficult because there is no visible record in the final output of what facts were considered and in what way they were considered.

It may be seen that the result of a programming technique of cybernation is to remove from the mind of the designer and operator an effective understanding of many of the stages by which the machine comes to its conclusions . . . human action is a feedback action. To avoid a disastrous consequence, it is not enough that some action on our part should be sufficient to change the course of the machine, because it is quite possible that we lack information on which to base consideration of such an action.³⁷

If we use, to achieve our purposes, a mechanical agency with whose operation we cannot efficiently interfere once we have started it, because the action is so fast and irrevocable that we have not the data to intervene before the action is complete, then we had better be quite sure that the purpose put into the machine is the purpose which we really desire and not merely a colorful imitation of it.³⁸

This is precisely the problem involved in an attempt to assign or promote individuals by computers. The tendency of a machine installation to disperse the people who formerly performed the functions which it has assumed has been noted. Even if they

³⁷Michael, op. cit., p. 83.

³⁸Norbert Weiner, "Some Moral and Technical Consequences of Automation," in Philipson, op. cit., p. 172.

were still on the job, they could not possibly monitor the decisions of the computer. They would not know what was being "considered" and could not work fast enough.

Computer applications to personnel problems should be restricted to long and short-range allocation problems of a general nature to analyze and correlate data. Such rapid processing of information can provide valuable assistance in such areas as forecasting future requirements for people, cost data, transportation, housing and training plans. But the actual assignment of individuals should be performed by intelligent human beings.

An example of such a system which is used properly is that at the Marine Corps Basic School at Quantico, Virginia. Each company of newly commissioned second lieutenants is ranked on two master lists, one "leadership," the other "academic." Inputs to the leadership list consist of scores on the rifle range and similar tests plus observations by staff officers of leadership performance. Characteristics such as judgment are scored on a percentage basis by the marking officer. The weight to be assigned to each report is normally controlled by the staff company commander. This is the key to what effect it will have on the man's standing on the list. Every academic test is assigned a standard mathematical weight and student scores are entered into the academic list. The two lists are compiled and printed by the computer each week. The standings of the students are used as information to them and to their supervisors as a measure of how they are doing.

The system is not relied upon as an objective measure of a man's true worth at any of the important decision-making landmarks that effect him. In determining what occupational specialty and duty assignment he will get the computer-scored standing is considered. It is only one factor in the overall evaluation by the human judgment of the company officers that know the man. Occasionally an officer will perform so that a recommendation for his discharge must be made. The computer scores of academic and leadership performance are normally cited as part of the justification required for such a recommendation. But such mathematically expressed scores are never alone sufficient. They must be supported by valid human judgment and all the circumstances of the case. This seems to be a proper use of computers to compile and provide information to assist in human decision-making.

CHAPTER V

USE OF EVALUATION INFORMATION

An appraisal system may be designed and efficiently administered within an organization that achieves a high degree of success in reporting performance and analyzing characteristics and potential. But the system will be a waste of money and effort if in the last analysis it is not the real basis of a rational plan of executive development. Just as every effort must be exerted to make the evaluation system support this objective, so too must every effort be made to really use the system intelligently as part of a larger plan of executive development. Just where does the appraisal system fit into this larger plan? How should appraisal reports be actively used to generate a higher level of executive development and performance?

Executive development programs in one form or another have been in use by American business concerns for many years. Since World War II pressures have increased to focus more attention on more active programs to train and develop managers. Industrial expansion, decentralization and a steady increase in technological and managerial complexity have contributed to the need for more managers and better trained managers. The changing relationships of big businesses in the community and

nation have tended to emphasize the public affairs responsibilities of managers. There was an induction gap of potential managers during World War II which has now generated a gap in the flow of replacements for an aging group of top managers.¹

To some companies executive development means nothing more than encouraging employees to develop themselves by their own efforts. The Chase Manhattan Bank is an example of such an organization. To this company development is an officer's conscious effort to improve his performance on the job and to prepare for increasing responsibilities.² Conscious development of executive talent appears to contradict one of the oldest tenets of American enterprise. This is the Horatio Alger myth and the belief that real "cream" will rise to the top unaided. The persistence of these myths has generated opposition to the idea of planned, conscious executive development in almost every organization that has faced the problem. Since the thirties, however, more and more companies are realizing that " . . . you have to shake the bottle to bring executive talent to the top."³ Some companies, such as Sears Roebuck, Bigelow-Sanford and subsidiaries of Standard Oil are engaged in elaborate programs for developing executives up to and including vice-presidents. Others have less formal programs or confine

¹Perrin Stryker, A Guide to Modern Management Methods (New York: McGraw-Hill, 1954), pp. 18-23.

²Chase Manhattan Bank, Management Development Division pamphlet.

³Stryker, op. cit., p. 20.

their efforts to recruiting potential executives from college campuses.⁴

The increasing complexity of modern business has loaded management with specialists and technically expert men who do not have knowledge or interest in the problems of over-all management. Executive development has been weakened by a reluctance to shift men across the organizational compartmentation of divisional lines.⁵

The U.S. Rubber Company instituted a company-wide executive development plan in 1949 which is fairly typical and which shows how appraisal and evaluation is an important key to the whole plan.⁶ The first step is the rational analysis of the company's operating functions and responsibilities and the preparation of an ideal organization chart. Standard Oil of California is supposed to have done the best job in this phase, requiring ten years to complete it.⁷ Next, executive jobs are classified by function and skill, job descriptions are written, and conflicting duties are eliminated. The tough and touchy phase is the inventory and appraisal of existing management both as to present and potential performance. With this appraisal completed it is possible to prepare a replacement schedule which charts the most likely replacements for each management job, although few companies are really willing to tabulate the future

⁴Ibid., p. 18.

⁵Ibid., p. 21.

⁶Ibid., p. 23.

⁷Ibid.

moves and promotions within management.⁸ The final phase is the development of each executive in accordance with the results of appraisal and his probable future career path. This development means a balanced pattern of assignments so that the individual will have general knowledge of the organization sufficient to handle broad responsibilities later in his career. It may involve special schooling and training assignments. Development is an individual task, but the organization can present the individual with opportunities for development and otherwise assist and encourage his efforts. Any going concern must weigh the long-range gains of good career management against the day-to-day necessity to get the job done and get specialized or technical output from the junior and middle ranks of managers.

There is growing recognition of the need for managers to actively coach their subordinates in order to train them for the larger responsibilities.⁹ The older ideas on the subject held that good managers were born, not made, and that a younger man was generally supposed to get ready for greater responsibility by a process resembling osmosis. This is no longer the case. The coaching of the subordinate by the superior, getting him to identify his attitudes and thought processes with the superior, to confide in him and question him, is a key aspect of

⁸
Ibid.

⁹ Dr. Richard F. Ericson, Ph.D., Professor of Business Administration, George Washington University, Washington, D.C., lecture, 14 Jan. 1964.

executive development.¹⁰ In fact, the failure of a subordinate to develop may be looked upon as a failure of the superior to bring him along properly. This coaching responsibility is a primary and important duty of a manager which cannot be delegated. How well he carries it out should be part of his evaluation reports and noted continually on his record.¹¹ This important function has been recognized only recently in industry but has long been part of the body of assumptions and customs of a military unit. Training of officers within a unit is the direct responsibility of the commanding officer and he should personally attend to it.

The pyramid concept of organization implies recognition of the fact that all of the potential managers inducted at the bottom cannot rise to the top. This means that ideally a process of selection, a series of assignment and promotion decisions, over a span of years holds some men stationary, advances others slowly and still others fairly rapidly. The modern ideal is a system of rational selection based on accumulated evaluation of performance, characteristics and estimated potential. The system of career management hinges on the accuracy and validity of the evaluation system.¹² To the extent that evaluation reports are inaccurate, promotion and assignment decisions will be

¹⁰Ibid.

¹¹Ibid.

¹²Stryker, op. cit., p. 29.

inadequate. Rational decisions may be impossible due to weaknesses in the system of evaluation. For example, widespread overmarking which makes distinguishing the truly superior person impossible shows a systematic weakness which can be reduced by better report forms and rigorous central screening of reports with action to enforce proper marking.

Some writers have advocated the use of appraisal reports as an active ingredient in the coaching function. After preparation of the report, the superior discusses it with the subordinate and advises him of his strengths and weaknesses. There has been obvious and understandable balking at this procedure on the part of executives.¹³ They feel it can upset their working relationships with subordinates. Systems which link pay increases directly to periodic evaluation reports have also not worked well. The dilemma is the "right" of the individual to know how he stands versus the effect of disclosure on the accuracy of the report. The superior may tend to overmark because of misplaced loyalty or distaste for the responsibility of telling a subordinate about his weaknesses. This problem should be resolved in favor of the accuracy of a report by not disclosing its specific content to the individual being marked. Coaching should be a reasonably continuous part of supervision and leadership not directly linked to the less frequent formal evaluation report. There is a current tendency to disassociate

¹³ McGregor, op. cit., p. 90.

pay raises from a rigid and direct tie to evaluation reports.

The concept of seniority places a limitation upon modern ideas of career management and promotion based on demonstrated and recorded ability. Seniority makes the two primary tests of promotion time in grade and age. De Tocqueville calls seniority the "sole privilege natural to democracy"¹⁴ and the "supreme and inflexible law of promotion"¹⁵ in democratic armies in time of peace. Ways should be explored to retain the most desirable features of a seniority system, the elimination of nepotism and special influence upon promotion, while more directly relating the rewards of promotion to exceptional effort and superior ability. Such an overhaul would in turn stimulate a requirement for more discriminating fitness reporting.

The key to efficient career management is sound information about performance and characteristics based upon a good system of evaluation reports properly administered by capable managers. The system of evaluation alone serves no purpose unless it is used from day to day and week to week to select and develop the most capable individuals in the organization. Ideally a system would itself be evaluated at intervals of perhaps as much as a decade to estimate its impact on the caliber of senior management levels.

¹⁴ de Tocqueville, op. cit., p. 276.

¹⁵ Ibid., p. 280.

CHAPTER VI

SUMMARY AND CONCLUSIONS

Intelligent development and utilization of human resources demands that management personnel be regularly and systematically appraised. The information collected by a standardized appraisal system must be recorded and utilized in the personnel decisions of assignment and promotion. Such utilization will tend to bring the most capable men to the top. Lack of such a system will place a premium upon non-rational forms of selection and hence will not guarantee that the best men normally will reach the top. Every element of the appraisal system should therefore be subordinated to the central objective of recognizing and encouraging the most able at an early point in their careers.

Appraisal should be based primarily on job performance and results, but some indication of job-related characteristics and traits must also be reported in order to give the reports value for predicting development potential and suitability for other assignments. Trait evaluation by laymen can be a danger area marked by the shoals of personal bias. Good health, energy, drive and ambition mingled with common sense and the ability to get along with people seem to be key criteria to look for in potential leaders. Marking should be on a straightforward evaluation of outward, on the job manifestations of traits

with no attempt to probe the psychological reasons for such outward characteristics.

Organization of an appraisal system presupposes a well-defined table of organization with clearly stated job descriptions so that evaluation can be reasonably keyed to specific performance. The appraisal program requires the continuous support and direction of the top line management. Indeed, many presidents feel that developing subordinate personnel is one of their most important functions. No system of appraisal will have any meaning unless personnel decisions are really based upon the appraisal information. A good report form is essential to a standard system of reporting to provide a high degree of comparability over the years. Performance and characteristics should be rated with a standard and simple system such as good, fair, poor. Reduction of the number of ranks will eliminate the problems of a moving average and the human tendency to slide the average upward. Every report should include a small space for handwritten essay comments by the marking officers.

As risk-taking ability is one of the dominant traits of the most senior executives, it is necessary to provide evaluation criteria which will distinguish the risk-taker from the large number of security-oriented individuals who are attracted to large organizations and perform satisfactorily in lower echelons of responsibility.

Planned performance is a worthwhile method of evaluation which places primary emphasis on the achievement of pre-defined

goals. The underlying assumption of the system is sound for rating present performance because it says, "If he's getting good results he must have some essential characteristics of leadership which are effective." Self-appraisal is a misguided attempt to carry the planned performance approach a step further and to shift the burden of the appraisal system to the subordinate. The planned performance system is part of a general reaction in business against the deep and subjective probing into psychology which experienced a popular vogue shortly after World War II.

Evaluation by testing is valid when the tests are used to measure a specific knowledge or ability without subjective interpretation. Aptitude and intelligence tests are examples of valid tests. Evaluation of personality based upon psychological tests is an invalid extension of science and mathematics to the field of human evaluation and should be used with the greatest caution. It is an invasion of personal privacy and is not an accurate guide to the true character or abilities of an individual. All such tests place a premium on a hypothetical normality and hence tend to emphasize blandness rather than exceptional ability.

The group of individuals being marked in an evaluation system should be all those people in the hierarchy who could conceivably be promoted some day to the highest ranks. This should include the high officers at the levels just below the top because they are most likely in line for selection to the top position and hence critically need sharp and continuing

evaluation. Drawing the cut-off too low in an organization causes excessive administration and does not justify its cost.

It is generally accepted that the immediate superior is the proper person to prepare an evaluation report on a subordinate. Other solutions have been proposed in an attempt to eliminate the obvious possibility of unfair bias on the part of the marking superior. Appraisal by a committee of superiors, multiple appraisal by several different superiors working independently, the field review system of appraisal by a staff specialist who interviews superiors, contemporary and subordinate rating, and self-evaluation have been proposed by various authors. All of these systems seem to have limited usefulness. It is likely that the best appraiser will always be the immediate superior with careful review of the reports by his superior to monitor the element of personal bias and to appraise his ability to appraise.

The idea of evaluating or assigning people by computers has been examined in detail and is considered possible but inadvisable because it does not provide for a true evaluation of subjective, non-quantifiable human qualities and because the steps of machine logic performed by the computer are not subject to review by humans. The decisions of the computer cannot really be reviewed by people because they do not know the basis of the computer solutions. This idea is manifestly applicable to the control of supplies but is not well suited to human assignment. It is important to beware of the tendency to swallow up the individual human being in a morass of statistics.

A system of evaluation of people should be part of a larger plan for the development and promotion of those who show the most promise. Although development does have to originate with the individual the organization should be prepared to foster and assist in the effort. More and more organizations have accepted the proposition that 'you have to shake the bottle to bring executive talent to the top,' and to provide for the well-rounded generalists needed to manage diverse and complex operations. Active coaching of subordinates by superiors is an important part of the process of development on the job.

The term "selection" implies acceptance of the fact that not all individuals in the promotion hierarchy will rise to the top or will rise at the same speed. Some will not rise at all. The concept of seniority is a modification of recognition of ability and emphasizes age and time in grade. Some way should be found to promote more military officers who have superior ability on an accelerated basis.

The key to a good organization that will operate in the black year after year, or that will win the opening battles of a war, is the quality of its leadership in all levels of the hierarchy. Organizations should strive to attract and hold the most promising and able young men at the bottom of the hierarchy and then by every intelligent and rational means insure that they are developed and promoted according to their ability. The appraisal and evaluation report system of the organization is the essential tool in this process.

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General Statement

Reference is made to the letter of the 10th of January 1955, and to the letter of the 15th of January 1955.

The following information is given for the purpose of the investigation of the matter.

General Remarks

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